



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - Public distribution

**Date:** 3/18/2009

**GAIN Report Number:** MX9010

## Mexico

### Agricultural Situation

## Mexico Announces Tariff Modifications on 36 U.S. Agricultural Products

2009

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**Report Highlights:**

On March 18, 2009, the Secretariat of Economy (SE) published in the *Diario Oficial* (Federal Register) an announcement modifying the import tariffs of 90 U.S. agricultural and industrial products. This announcement is retaliation from the Government of Mexico (GOM) over the dissolution of the U.S.-Mexico Cross-Border Trucking Demonstration Project. The list includes 36 agricultural products worth an estimated trade value of \$864 million.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Annual Report  
Mexico City [MX1]  
[MX]

**Introduction:** This report summarizes an announcement that modifies the General Import and Export Tax Law from the Secretariat of Economy published in Mexico's *Diario Oficial* (Federal Register) on March 18, 2009.

**Disclaimer:** This summary is based on a  *cursory* review of the subject announcement and therefore should not, under any circumstances, be viewed as a definitive reading of the regulation in question, or of its implications for U.S. agricultural export trade interests. In the event of a discrepancy or discrepancies between this summary and the complete regulation or announcement as published in Spanish, the latter shall prevail.

**FAS/Mexico's Executive Summary:** The Secretariat of Economy (SE) published on March 18, 2009, in the *Diario Oficial* (Federal Register) an announcement modifying the import tariffs on 90 U.S. agricultural and industrial products. This announcement was triggered by the dissolution of the U.S.-Mexico Cross-Border Trucking Demonstration Project. From this list, 36 were agricultural products valued at approximately \$864 million. The list of these agricultural products, including the new import tariffs as well the value of these imports (based on Mexico's official data) from 2008 is as follows:

TABLE 1. MEXICO: TRUCKING RETALIATION LIST IMPORTS FROM THE UNITED STATES U.S. DOLLARS			
HS Code	Description	2008 <sup>①</sup>	New Tariff
0604.91.02	Christmas Trees	17,382,112	20%
0703.10.01	Onions	36,696,133	10%
0705.11.01	Cabbage Lettuce	21,850,669	10%
0802.12.01	Almonds, shelled	26,305,864	20%
0804.10.01	Fresh Dates	313,069	20%
0804.10.99	Dates, Other	208,941	20%
0806.10.01	Grapes, fresh if...	62,136,444	45%
0808.20.01	Pears	70,685,943	20%
0809.10.01	Apricots, fresh	3,641,643	20%
0809.20.01	Cherries, fresh	3,740,854	20%
0810.10.01	Strawberries, fresh	29,964,695	20%
0813.50.01	Mixtures of Nuts or Dried Fruits of this chapter	5,885,526	20%
1902.19.99	Pasta, Uncooked, Not Stuffed Etc., Nesoi, Other	1,980,313	10%
2004.10.01	Potatoes, prepared etc., no vinegar etc. frozen	78,006,278	20%
2005.40.01	Peas, prepr or presvd, other than by vinegar, acetic acid or sugar, not frozen	369,213	20%
2008.11.01	Peanuts, prepared or preserved, shelled (peanut butter)	4,895,320	20%
2008.11.99	Peanuts, prepared or preserved, other	1,616,201	20%
2008.19.01	Prepared nuts, almonds	2,457,814	20%
2008.19.99	Other prepared nuts	58,345,561	20%
2008.60.01	Cherries, prepared or preserved	5,809,262	20%
2009.80.01	Juice of single veg/fruit, unfermented, only vegetable juices, not containing added alcohol	7,444,741	20%
2009.90.01	Juice, mixture, unfermented, only veg	184,032	20%

2009.90.99	Juice, mixture, unfermented, fruit and veg	18,389,858	20%
2103.10.01	Soy sauce	5,397,413	20%
2103.90.99	Condiments and seasonings, mixed only	101,995,617	20%
2104.10.01	Soups and broths	178,029,129	10%
2106.90.06	Juice concentrate from single fruit, legumes, or vegetable	193,786	15%
2106.90.07	Mixed juice concentrates from fruit, legumes, or vegetable	1,770,986	15%
2106.90.08	Juice concentrate containing milk solids exceeding 10% by weight	14,618,189	15%
2201.10.01	Mineral water	3,410,944	20%
2204.10.99	Sparkling wine of fresh grapes, other	1,308,834	20%
2204.21.02	Wine, red, pink, claret, or white	6,232,017	20%
2206.00.99	Other fermented beverages	12,064,901	20%
2306.30.01	Oilcake from sunflower seeds	777,627	15%
2306.49.99	Rape/Colza seed oilcake, solid residue, other	185,689	15%
2309.10.01	Pet food, dog or cat	79,315,836	10%
<b>TOTAL</b>		<b>\$863,611,454</b>	

① Source: SAGARPA/SIAP, Secretariat of Agriculture, Rural Development, Fisheries and Food.  
Agro-Food and Fisheries Information Service

Furthermore, this announcement establishes the legal statements for increasing the import tariffs on U.S. products. Among these statements are the following:

- That the North America Free Trade Agreement (NAFTA) was approved by the Mexican Senate on November 22, 1993, according to the decree published in the *Diario Oficial* on December 8, 2003. This decree of promulgation was published on December 20, 2003, in Mexico's Federal register and came into force on January 1, 1994;
- That NAFTA sections 1108 and 1206 and Annex I, "Reservations About Existing Measures and Liberalization Commitments" provides the opening of freight services in the border states between Mexico and the United States since December 18, 1995, and throughout the two countries since January 1, 2000;
- That in accordance with NAFTA Chapter XX, which establishes procedures for resolving disputes. On February 2, 2000, a panel was requested by Mexico to determine the failure of the United States and its negligence of Annex I referred to the previous, as well as national treatment and the treatment of most favored nation under articles 1102, 1103, 1202 and 1203 of the Agreement on Cross-Border Transport Services;
- On February 6, 2001, the arbitration panel issued its final report and found that the United States failed to fulfill its obligations outlined in the previous paragraph, and the panel recommended that the United States conduct the actions necessary to comply with its NAFTA commitments;
- That from the date indicated in the above considerations, the GOM and the United States made several efforts to ensure the opening of cross-border transport services under NAFTA, without obtaining the desired results;
- As part of the efforts mentioned above, on April 27, 2007, the GOM and the United States agreed to implement a program approved access to trucking (Demonstration Program) with a term of one year, extended by agreement of both countries until 2010, which would allow a limited number of companies from both countries to provide cross-border transport services;

- That during the approval of the Omnibus Appropriations Act for FY 2009, the U.S. Congress banned Department of Transportation (DOT) funds that were used to establish or maintain the Demonstration Program. As a result, the DOT has ceased to operate this Program;
- That the cancellation of the Demonstration Program is evidence that the United States and Mexico have failed to reach a mutually satisfactory settlement of trans-boundary movements in accordance with NAFTA articles 2018 and 2019, and that the United States continues to not honor its international obligations under NAFTA and the recommendations of the arbitration panel referred to above;
- That paragraph 1 of NAFTA Article 2019 provides for the possibility that if a panel has determined that a measure is inconsistent with the obligations of this Agreement, if the Party complained against has not reached agreement with any complaining Party on a mutually satisfactory resolution, such complaining Party may suspend the application to the Party complained against of benefits of equivalent effect until such time as they have reached agreement on a resolution of the dispute;
- That under the above, it is appropriate to suspend benefits of equivalent effect to the United States, it is considered desirable to eliminate the preferential tariffs that the Agreement of merit to imports of certain goods originating from the United States;
- That for the purposes of the preceding paragraph, it is necessary to amend the Decree on establishing the applicable rate during 2003 of the General Import Tax for goods originating in North America, published in the *Diario Oficial* on December 31, 2002, and that was modified by different announcements published in the same Mexican Federal Register on August 17, 2005, and September 29, 2006, and May 8 and June 30, 2007, and;
- That pursuant to the Foreign Trade Law, this Decree has a favorable opinion of the Foreign Trade Commission.

**Title:** Decree amending Article 1 that establishes the Applicable Rate during 2003 of the General Import Tax, for goods originating in North America, with respect to goods originating from the United States of America, published on December 31, 2002.

### Important Dates

**1. Publication Date:** March 18, 2009.

**2. Effective Date:** March 19, 2009

**Background:** The Trucking Pilot Program (Mexico Cross-Border Trucking Demonstration Project) was an accommodation reached with Mexico after years of dispute regarding the delay to implement the NAFTA trucking obligations. It was set up in 2007 as a step towards implementation of the NAFTA trucking provision. It allowed up to 100 trucking firms from Mexico to transport international cargo beyond the commercial zones along the U.S.-Mexico border and up to 100 U.S. trucking firms to transport international cargo into Mexico. Bus companies and hazardous material carriers were excluded. The Trucking Pilot Program began on September 6, 2007, and was originally designed to run for one year. By an exchange of letters between the U.S. and Mexican Transportation Secretaries on August 4, 2008, the Trucking Pilot Program was extended up to an additional two years to ensure that it could produce sufficient data to evaluate its safety impact. In 2007, Mexico-domiciled motor carriers crossed into the U.S. approximately 4.8 million times, transporting an estimated \$215 billion of freight.

**For More Information:**

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**Internet Connections:**

FAS Web Site: <http://www.fas.usda.gov>

**Useful Mexican Web Sites:**

Mexico's equivalent of the Department of Agriculture (SAGARPA) can be found at [www.sagarpa.gob.mx](http://www.sagarpa.gob.mx) and Mexico's equivalent of the Department of Commerce (SE) can be found at [www.se.gob.mx](http://www.se.gob.mx).